G 99/987-88

Foreign Labor Trends

Guyana

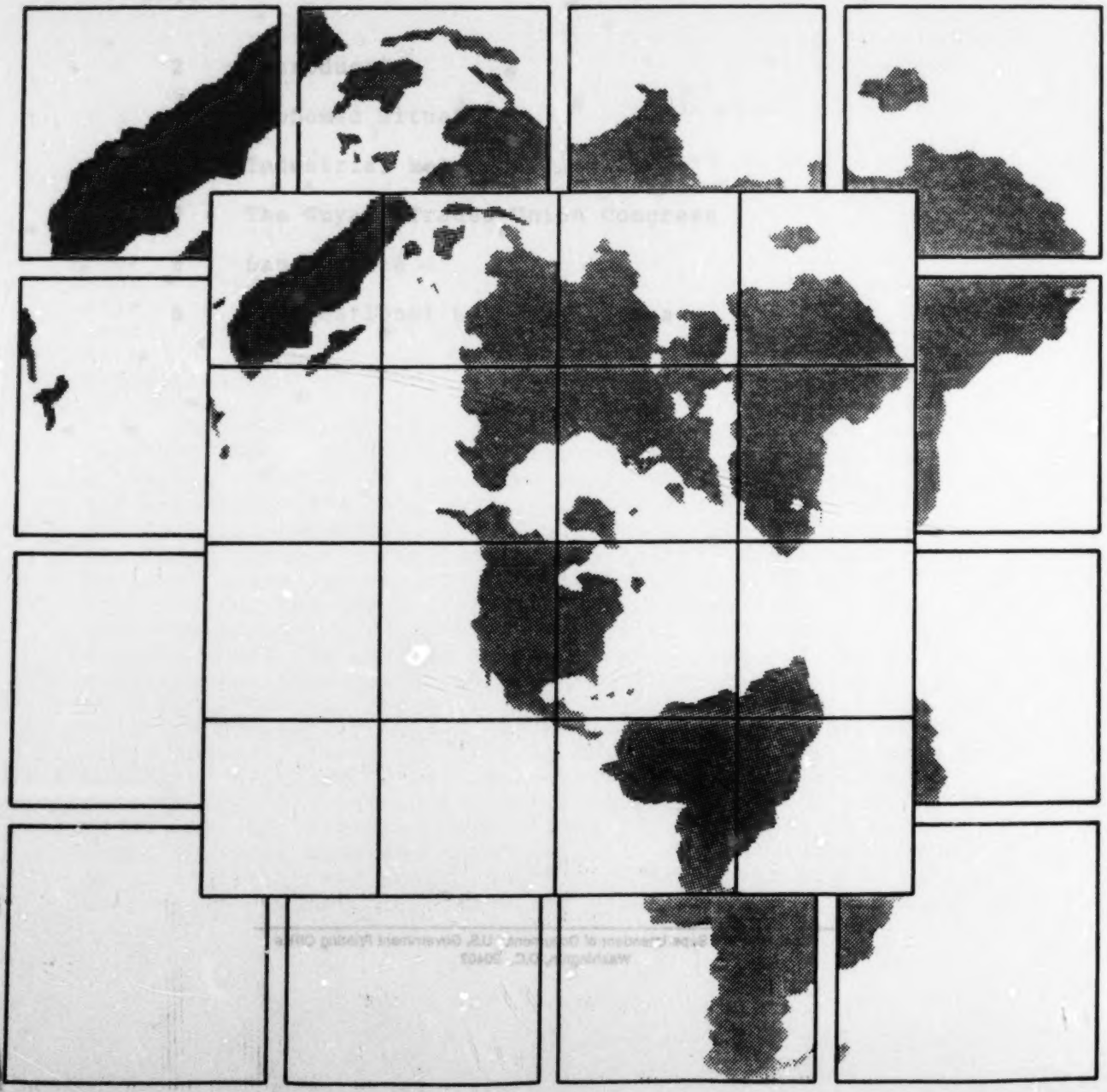
Released by
U.S. Department of Labor
Bureau of International Labor Affairs

Prepared by
American Embassy
GEORGETOWN

1987 - 1988

FLT 89-32
Frequency: Annual

Supersedes: 88-33



copy available

L 29.16:

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

FOREIGN LABOR TRENDS REPORT

GUYANA

1987-88

TABLE OF CONTENTS

Page	
2	Introduction
3	Economic Situation
5	Industrial Relations
7	The Guyana Trades Union Congress
8	Labor Force
8	International Labor Relations

INTRODUCTION

The crisis in the economy and the government's drive to implement a restructuring program were the dominant issues of Guyana's domestic politics in 1988. President Hugh Desmond Hoyte, in the third year of his administration, has embarked on a recovery program which is a repudiation of the socialist-oriented policies of his predecessor, the late Forbes Burnham. Key to the government's program is the conclusion of an economic restructuring agreement with the International Monetary Fund (IMF). The most vocal opposition to this policy has come from the Moscow-aligned People's Progressive Party (PPP), led by Dr. Cheddi Jagan, Guyana's most prominent and enduring opposition figure. Because the economic restructuring necessary in Guyana is so extensive, public debate has covered a wide range of sociological, economic, and political issues. Much of the debate has been carried out openly in the government, independent, and opposition newspapers.

As part of the government's recovery program, Hoyte pragmatically has sought to open the Guyanese economy to Western investment. This policy has sustained the impetus for the continued movement towards the West of Guyana's political and economic orientation. Over the year, there has been steady improvement in Guyana's relations with its Caribbean and Latin neighbors, as well as with the United States and other developed nations. Hoyte made a highly publicized visit to the United States in September, after having visited the United Kingdom earlier in the year.

Hoyte remains the leader of the People's National Congress (PNC), the Afro-Guyanese-dominated political party which has ruled since 1964, two years before the country gained independence. The PNC controls Guyana's unicameral parliament, the National Assembly, holding all but 11 of 65 voting seats. Dr. Jagan remains unchallenged as minority leader in the National Assembly, and his popularity among ethnic East Indians accounts for the PPP's largely Indo-Guyanese support base. The most significant parliamentary debate of 1988 occurred in February over the passage of a bill which amended the Guyana constitution, and which had the effect of reinstating portions of a controversial piece of labor legislation. While the PNC majority won easily within the National Assembly chambers, large demonstrations in favor of the amendment bill, reportedly mobilized by the PNC, and smaller counterdemonstrations, reportedly mobilized by the opposition, peacefully carried the issue into the streets. The climax to the debate on the constitutional question coincided with the culmination of a major strike in the sugar industry. The Guyana Sugar Corporation (GUYSUCO) accused the principal striking union, the

Guyana Agricultural and General Workers' Union (GAWU) which is affiliated with the PPP, of extending the strike for political purposes in conjunction with opposition to the constitutional amendment bill.

The PPP, along with the multiracial and self-described "independent Marxist" Working People's Alliance, the small working-class-oriented Democratic Labor Movement (DLM) and two other small parties--the People's Democratic Movement and the National Democratic Front--exist in a loose opposition alliance called the Patriotic Coalition for Democracy (PCD). PCD leaders have raised anew their calls for internal electoral reform before Guyana's next national elections, which must be scheduled before December 1990. The PCD, however, beset by internal divisions and personality conflicts, has not emerged as a serious challenger to continued PNC preeminence in Guyanese politics.

ECONOMIC SITUATION

Guyana's economy continues to suffer from serious structural problems, chiefly a crippling foreign debt of approximately $1.7 billion, a deteriorating infrastructure, and significant emigration of educated and skilled personnel. Until Guyana is able to negotiate a structural adjustment program, the country remains ineligible for development assistance from sources such as the IMF, the World Bank, and the U.S. Agency for International Development because of its longstanding arrears to these institutions. Guyana's chronic foreign exchange shortage and its dependence on imports for virtually all of its energy requirements exacerbate the debt and arrearages problems.

Guyana's chief foreign exchange earning agricultural exports--sugar and rice--suffered off years in terms of production in 1987, and indications are that 1988 will be even worse. Sugar production in 1987 was 10 percent below 1986 levels. This year, because of labor problems and unusual drought conditions which persisted into May, sugar production from the 1988 spring crop of cane achieved only 78 percent of the target. Poor weather (too much rain) and labor difficulties have had a continued negative impact on 1988's second crop through October. The rice industry suffered in 1988 from a fungal disease which destroyed an estimated 37 percent of the second crop. It is unlikely that export earnings for rice in 1988 will approach the $15.7 million level of 1987.

The bauxite industry rebounded in 1987, making a profit for the first time in many years, thanks to extensive cost-cutting measures undertaken by the state-owned Bauxite Industry Development Corporation (BIDCO), and the effects of the January 1987 devaluation of the Guyana dollar. BIDCO has embarked on an ambitious capital development program intended to improve production and expand operations. In addition to developing new deposits, acquiring new equipment and machinery to rehabilitate a deteriorating physical plant and constructing a transshipment facility in Georgetown harbor, BIDCO is seeking to conclude a 30-35 million joint venture agreement to rehabilitate its Linden alumina plant. Because of improved world market prices, bauxite earnings increased by about 5 percent in 1987 to $84.1 million. BIDCO projected foreign exchange earnings of about $111 million for the bauxite industry for 1988, but initial indications are that production will be lower than anticipated.

The Government is counting heavily on the potential foreign exchange earnings from the natural resources sector. At present, a total of nine foreign firms are active in gold mining operations in Guyana. In 1987, gold sold to the government increased by 53 percent over 1986 levels to a total of 666.2 kilograms. Moreover, in the summer of 1988, the Government signed two concession agreements with foreign companies for offshore oil exploration rights. In addition, one U.S. company, in conjunction with a Trinidadian firm, is exploring for oil in Guyana.

President Hoyte has outlined his government's economic restructuring program on numerous occasions. The key to recovery from the Government's perspective is the conclusion of an agreement with the IMF to reschedule Guyana's debt. In conjunction with an IMF agreement, Guyana must then regain eligibility to receive development assistance from multilateral and bilateral donors. Guyana also is seeking to obtain balance of payments support and hopes to attract external resources to rehabilitate the infrastructure. In addition, Guyana needs foreign investment to improve public utilities, exploit natural resources, and establish manufacturing capabilities. In a series of policy moves designed to open up the economy, the Government has proposed the sale of assets of some of its loss-making parastatal corporations. The Government also is actively considering establishing a stock exchange. In addition, the Government has lifted import restrictions on articles imported for personal use and has lifted price controls on all but a few essential items. The Government has sought to encourage private investment and has stated that it will accept joint-venture capital in any sector of the economy, and does not necessarily preclude majority foreign ownership in these ventures.

Guyana's problems loom large, however, and recovery, if it comes, will span a period of several years. The PPP has sought to muster political opposition to an IMF agreement. Most Guyanese appear to accept that some economic belt-tightening is inevitable, but there, nonetheless, is some anxiety about the initial impact of the proposed agreement. President Hoyte has specifically promised that no public sector employee will be forced out of a job (there are sufficient vacancies to accommodate a cutback in positions) and that wages will not be frozen. Meanwhile, the average Guyanese citizen copes with an inflation rate which is estimated to be in the range of 27 to 37 percent per year. Many consumer items, both luxuries and necessities, are available only as black market contraband, at prices based on the illegal exchange rate for the U.S. dollar. In October 1988, the dollar traded on the street at about twice the legal rate available at the commercial banks' "open window" and at about four times the official rate. The black market rate for the dollar increased at a rate comparable to the national inflation rate during the course of the year.

INDUSTRIAL RELATIONS

Industrial relations in 1988 were difficult in the sugar industry, but relatively calm in other sectors. The major strike of 1988 was a 28-day general strike in the sugar industry in January and February, which affected up to 20,000 workers. It was the first general strike in the industry since 1977. The strike negatively affected sugar production in the first half of 1988, and labor troubles continued to plague GUYSUCO over the second half of the year. The economic issue over which the strike was called--the payment of an annual bonus for production--recurs annually and remained unresolved when the strike was called off. In May, President Hoyte appointed a commission to determine whether a formula exists for computing the bonus, and if not, to develop one. In addition, the Commission was charged with analyzing the industry's profit-sharing arrangements with workers, which GUYSUCO claims have been made irrelevant by structural changes within the industry over recent years. The two largest sugar industry unions have boycotted the commission altogether, while the third union in the industry attended one session but declined to participate in its deliberations. The unions say that the profit-sharing provisions are not in dispute.

Ministry of Labor figures reveal that there were 497 work stoppages in 1987, the latest year for which statistics are available. Of these, 489 were in the agricultural sector, principally the sugar industry. In 1987, moreover, strikes

involved 57,757 workers and resulted in the loss of 128,986 man-days. The 1988 totals in these categories already far exceed those for 1987. In 1987, 109 disputes were referred to the Ministry of Labor's conciliation services.

The status of collective bargaining in the public sector was a major labor issue in early 1988. The 1987 court decision which struck down portions of the 1984 Labor Amendment Act found unconstitutional a section of that law which accorded centralized bargaining powers to the Guyana Trades Union Congress. The law was reinstated in part when the Guyana constitution was amended in February. The centralized collective bargaining provision, however, was not reinstated. Presently, the situation in the public sector mirrors that of the private sector: individual unions are free to bargain directly with public sector employers.

The 1987 court decision also struck down a provision of the 1984 act which had retroactively legalized a 1979 freeze of public sector wages imposed by the government of former President Burnham. In its narrowest interpretation, the decision cleared the way for the payment of back wages and other benefits to workers in the sugar industry. Despite the February passage of constitutional amendments which redefine the government's power over wages to include the power to impose wage freezes under certain circumstances, President Hoyte has stated publicly the Government's commitment to honor the entitlements won under the court decision. Labor, however, claims that the decision may apply to a far broader segment of public sector employees than the class of sugar industry employees represented by the workers who brought the original suit. In June, one affected sugar industry union filed an injunction to stop GUYSUCO from making payments until consultations could be held to determine which industry workers were entitled to how much back pay.

Although Guyana does not have a legislated minimum wage, the 1987 wage package negotiated by the TUC for public sector employees established the minimum wage at the equivalent of $2.38 per day at the current official rate of exchange. The agreement included a 5 percent increase for 1988, which raised the minimum to approximately $2.49 per day at the official rate. Private sector employers, though not legally bound to do so, tend to keep up with the public sector minimum, and in general, pay more.

THE GUYANA TRADES UNION CONGRESS

The Guyana Trades Union Congress (TUC) is the national umbrella labor federation. Its 24 affiliated unions total over 78,000 members. Divisions over questions regarding the organization's internal distribution of power and its institutional role diminished its effectiveness as the voice of organized labor in 1988.

During the TUC's biennial elections at its annual conference in September, a bloc of seven unions walked out of the conference in protest of what they charged were intimidating electioneering tactics by PNC activists who were in attendance as delegates. In October, the seven unions, leaving open the question of a complete withdrawal from the TUC, formed the Federation of Independent Trade Unions of Guyana (FITUG). Six of the unions are those which traditionally formed a loose coalition of non-PNC-controlled or -affiliated unions within the TUC. Of these six unions, three, including two in the important bauxite industry, can be said to be politically independent. Two, GAWU, the TUC's largest affiliate, and the University of Guyana Workers Union, are associated with opposition parties. The sixth union, which is also in the sugar industry, is considered to be independent but frequently takes positions close to GAWU on various issues. Together with a seventh union, which on occasion had aligned itself with the six in the past, FITUG comprises about 44 percent of the TUC's total membership. FITUG has charged publicly that the Government and the PNC have, over a period of years which extends back into the era of the presidency of the late Forbes Burnham, engaged in what the unions characterized as "political intervention in the trade union movement" and asked that President Hoyte appoint a commission to look into the charges. The president's office responded that the charges were baseless and declined to formally look into the allegations. The PNC also defended its actions vigorously in the media, pointing out that activists from opposition parties, including Dr. Jagan as honorary president of GAWU, attended the conference as delegates of the breakaway unions.

The question of the TUC's power structure is at the heart of the dispute between the dissident unions and their PNC-controlled counterparts. Independent and non-PNC labor leaders have long charged that the PNC wields significant influence within the TUC through "paper unions" which function only during the TUC conference and through a delegate allocation system which allows small unions, many of which are PNC-affiliated or controlled, to accumulate disproportionate voting strength. At the 1988 conference, one of the seven unions submitted a resolution to amend the TUC's rules to

address this disproportionality and to require unions to submit documentation to the TUC executive council to establish actual union membership. Discussion of this resolution, and all but 3 of the total of 66 other resolutions submitted for the conference's consideration, was deferred until a special conference, to be called before April 30, 1989.

LABOR FORCE

Guyana's population was estimated in 1986 to be approximately 756,000. Due to heavy emigration and what is believed to be a declining (though still high) birthrate, however, it is estimated that there has been negative population growth (about -.5 percent per year) since then. The labor force has been estimated at 280,000, with about 74,000 employed in the public sector. Many employers complain that resources expended for training promising candidates are often lost through emigration. All sectors, but especially the sugar industry, experience high absentee rates as workers seek to augment their wages with outside economic activity, either in the service sector or by engaging in parallel market activities. Although the government does not release unemployment statistics, unemployment and underemployment combined are believed to be in the range of 25-35 percent.

INTERNATIONAL LABOR RELATIONS

The TUC and individual labor unions continue to maintain extensive ties to international labor organizations. The TUC is affiliated with the Caribbean Congress of Labor (CCL), the International Confederation of Free Trade Unions (ICFTU), and has recently shown renewed interest in expanding contacts with the AFL-CIO's American Institute for Free Labor Development, an organization that was out of favor under Burnham's rule. GAWU is affiliated with the World Federation of Trade Unions (WFTU), the international communist labor organization. The only union in Guyana not affiliated with the TUC, the National Workers Union, which is the labor arm of the opposition DLM, is affiliated with the Caribbean Workers Council (CWC) of the Latin American Confederation of Workers (CLAT) and the World Confederation of Labor (WCL). Guyana is a member of the United Nations International Labor Organization (ILO) and sent a tripartite delegation to the 1988 ILO conference in Geneva in June. Guyana has no vote in the ILO, however, because of its financial arrears to that organization. Indeed, the acute national foreign exchange shortage is the primary restriction on the international activities of Guyanese trade unionists.

★U.S. Government Printing Office: 1989-241-398/00009

Superintendent of Documents Subscriptions Order Form

Order Processing Code
*6314

Charge your order. It's easy!

☐ **YES,** please send me the following indicated subscriptions:

_____subscriptions of FOREIGN LABOR TRENDS, FLT, for $53.00 each domestic subscription per year; $66.25 each foreign subscription per year.

1. The total cost of my order is $_____ . All prices include regular domestic postage and handling and are subject to change. International customers please add 25%.

Please Type or Print

2. _____
(Company or personal name)

_____
(Additional address/attention line)

_____
(Street address)

_____
(City, State, ZIP Code)

(_____)
(Daytime phone including area code)

3. **Please choose method of payment:**

☐ Check payable to the Superintendent of Documents

☐ GPO Deposit Account ☐☐☐☐☐☐☐☐-☐

☐ VISA, CHOICE or MasterCard Account

☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

_____
(Credit card expiration date)

Thank you for your order!

_____
(Signature)

4. Mail To: Superintendent of Documents, Government Printing Office, Washington, D.C. 20402-9371